

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

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TAGS: ETRD, PFOR, EEC

SUBJECT: EC FOREIGN MINISTERS COUNCIL , MARCH 1-2: FURTHER COMMENTS
ON FAILURE TO AGREE ON TROPICAL PRODUCTS OFFER

REF: EC BRUSSELS 2142

1. SUMMARY: WE HAVE RECEIVED FURTHER INFORMATION ON THE
EC FOREIGN MINISTERS' IMPASSE ON THE INCLUSION OF TOBACCO AND
EDIBLE OILS IN THE EC TROPICAL PRODUCTS OFFER. END SUMMARY.

2 EC COMMISSION AND PERMDEL OFFICIALS HAVE PROVIDED US WITH
ADDITIONAL COMMENTS ON THE COUNCIL DEBATE ON MARCH 2 OF THE
EC TROPICAL PRODUCTS OFFER. THE COMMISSION HAD PROPOSED
THE FOLLOWING GSP OFFER ON TOBACCO: 1)24.01AI, ALL VIRGINIA
VARIETIES, 7 PERCENT DUTY; MAXIMUM DUTY OF 45 UNITS OF ACCOUNT
PER 100 KG.; NO QUANTITATIVE LIMITS; 2) 24.01AII, OTHER TOBACCO
VARIETIES , 7 PERCENT DUTY, MAXIMUM DUTY OF 45 U.A. AND MINIMUM
DUTY OF 33. U.A.; NO QUANTITATIVE LIMITS; 3) 24.01B, ALL
"VIRGINIA" VARIETIES , 7 PERCENT DUTY, MINIMUM DUTY OF
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15 U.A., 50,000 MT IMPORT LIMIT.

3. THE COMMISSION SAID THAT IF THE COUNCIL AGREED TO THIS PROPOSAL IT WOULD NOT MAKE ANY FURTHER PROPOSALS TO IMPROVE THE TOBACCO GSP UNTIL AT LEAST JUNE 1981. SEVEN MEMBER STATES AGREED TO THE PROPOSAL. THE UK SAID THAT THE PROPOSAL WOULD ACTUALLY INCREASE DUTIES ON A SMALL AMOUNT OF TOBACCO IMPORTS AND CONSEQUENTLY PROPOSED THAT THE VIRGINIA VARIETIES UNDER 24.01B BE SUBJECT TO A SPECIFIC DUTY OF 15 U.A. UK PERMDEL SOURCES TELL US, HOWEVER, THAT THEY WERE PREPARED TO DROP THIS PROPOSAL AND SUPPORT THE COMPROMISE IF THE ITALIANS HAD GIVEN WAY. ITALY CONTINUED TO OBJECT TO THE PROPOSAL.

4. ITALY, THE NETHERLANDS AND BELGIUM ALSO HAD RESERVATIONS ON NINE VEGETABLE OIL TARIFF ITEMS. ITALY IN MOST CASES WANTED TO RAISE THE PROPOSED GSP DUTY BY 1 PERCENT. OUR SOURCES SAY THE BELGIANS AND DUTCH WERE WILLING TO LIFT THEIR RESERVATIONS AS LONG AS IT WAS UNDERSTOOD THAT THE EC WOULD NOT OFFER FURTHER GSP CONCESSIONS ON THESE PRODUCTS. PERMDEL OFFICIALS SAY THAT THE ITALIAN VEGETABLE OIL RESERVATIONS WERE LINKED TO THEIR OPPOSITION TO THE TOBACCO PROPOSAL. SHOULD THE TOBACCO PROPOSAL BE DROPPED, THEY BELIEVE THE ITALIANS WOULD LIFT THEIR VEGETABLE OIL RESERVATIONS.

5. THE COUNCIL ALSO TOOK UP A COMPROMISE PACKAGE PREPARED ON MARCH 1 ON THE OTHER OUTSTANDING RESERVATIONS. MEMBER STATES WERE ABLE TO AGREE TO THIS PACKAGE, EXCEPT ITALY WHICH WANTED TO EXCLUDE THE CONCESSION FOR HONEY. THE MISSION HAS OBTAINED A COPY OF THE PROPOSALS WHICH THE COUNCIL TOOK UP. IT IS SENDING COPIES TO STR/LANDE, STATE/RPE/MCCARTHY, USDA/FRASER AND MTN GENEVA.

6. REGARDING THE COUNCIL'S DECISION TO PUT OFF A FINAL DECISION ON THE TROPICAL PRODUCTS, AS REPORTED IN REFTTEL, WE ARE TOLD THAT COMMISSIONER SOAMES AND THE UK WERE MOST ADAMANT IN REFUSING TO ACCEPT A DECISION OMITTING TOBACCO FROM THE OFFER. ITALY MADE THE POINT THAT TOBACCO AMOUNTED TO ONLY 5 PERCENT OF TOTAL IMPORT VALUE OF THE CONCESSIONS. SOAMES RESPONDED THAT THIS CONCESSION LIMITED OFFICIAL USE

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AFFECTED SPECIFIC LDCS (IN PARTICULAR THE INDIAN SUB-CONTRACT) WHICH WOULD NOT OBTAIN SUBSTANTIAL BENEFITS FROM THE OFFER IF TOBACCO WAS EXCLUDED.

7. FURTHER CHECKING WITH PERMDEL AND COMMISSION SOURCES REVEAL MORE DOUBTS THAT THE CURRENT IMPASSE WILL BE QUICKLY RESOLVED. THOUGH OUR SOURCES SAY THAT THE US OPPOSITION TO THE TOBACCO OFFER WAS MENTIONED SEVERAL TIMES, THEY DID NOT

BELIEVE IT WAS A MAJOR FACTOR IN THE DISCUSSIONS.
(SO FAR WE HAVE SEEN NO PRESS REPORTING ON THE US
POSITION, BUT WE WERE TOLD BY ONE COMMISSION OFFICIAL,
WHO FELT THAT THE US INTERVENTION WITH THE ITALIANS
WAS IMPORTANT, THAT WHEN THE LDCS BEGIN TO ASK WHERE
IS THE EC OFFER, THE US SHOULD NOT BE SURPRISED TO HAVE
FINGERS POINTED OUR WAY.)
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